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IN THE

Supreme Court of the United States

OCTOBER TERM, 1957

No. 678

TECHNICAL TAPE CORPORATION,
Petitioner

vs.

MINNESOTA MINING AND MANUFACTURING COMPANY,
Respondent

REPLY BRIEF OF PETITIONER IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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Introduction

Minnesota's brief contains certain misstatements of fact and law which we desire to correct.

ARGUMENT

Question 1.

Minnesota attacks the first question presented by Technical by contending that there is no evidence in the record of "tie-in arrangements, exclusive distributorships, or disproportionate service among distributors" (Resp. Brief, p. 5). This contention is incorrect.

Minnesota's industrial sales manager, Albert S. Drew (who was hostile to Technical), testified by deposition (PA 122a-126a) that Minnesota *had* made oral

exclusive dealing agreements with at least 25 to 30 industrial tape distributors in New England alone. He specifically identified Alles Corporation, Stimson, Inc., G & S Paper, H. J. Dowd, D. F. Monroe and Whitney Brothers as among those who had carried tapes competitive to Minnesota's prior to the making of such agreements (PA 123a, 125a-126a).

Minnesota also states that even its "select distributors" did not carry its tapes exclusively (Resp. Brief, p. 4). The source of this erroneous statement is a footnote in the opinion below (Pet., 26a) which purportedly summarizes the testimony of Mr. C. C. Smith, a division manager of Minnesota.

However, Smith on cross-examination (R. 3904-06) conceded that he did not know what the select distributorship policy of (Drew's) Industrial Division was, because it was not under Smith's jurisdiction. He also confessed he did not know what the Industrial Division did in implementing its policy of exclusive selling arrangements with industrial wholesalers.[1]

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[1] *Cross-Examination of Smith*

"Q. Now, what were the salesmen or the regional managers or the district managers, or all of them, told to do in connection with this selective distributor policy? A. That I don't know. I could not tell you. It was not part of the program of my Division.

Q. And you don't know what the Industrial Division does? A. Not specifically, no.

Q. And so you don't know what instructions were given—let us be sure about that—by the Industrial Division to the salesmen, or the district managers, or the regional managers in connection with that program? A. Specifically, no.

• • • • •

Q. Do you know whether any of the customers of 3M to whom this selective distributor policy had been applied have actually stopped buying tape from Technical Tape Corporation? A. I would not know that." (R 3940-41)

Moreover, Minnesota's statement that the record "is barren of tie-in arrangements, exclusive distributorships, or disproportionate service among distributors" (Resp. Brief, p. 5) is to contradict the Court of Appeals' version of the facts. That court held that "those [distributors] who accepted the proposals [of Drew] received increased technical service and assistance while those who rejected the proposals, together with other jobbers or distributors who did not qualify, continued to receive 3M products and the technical service and assistance theretofore given them"[2] (Pet., 27a-28a).

What the *quid pro quo* was for the "increased" service and assistance was succinctly answered by Albert Drew:

> "Q. In those proposals which have been accepted has the jobber or distributor agreed not to carry anything but Minnesota pressure-sensitive tape?
>
> A. Competitive to ours, yes." (PA 122a)

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[2] Albert Drew was the sole source of this finding by the Court of Appeals. He stated:

"Q. Suppose I ask you then if you have made any gentlemen's understandings or agreements with any jobbers or distributors to handle Minnesota tape exclusively? A. In this respect: That we have proposed certain things and they have or have not accepted them.

Q. What things have you proposed? A. We have proposed to certain distributors that we think are qualified that we furnish them with all the product knowledge we have as salesmen; the facilities of our laboratory; the facilities of our customer engineering group, our merchandising group, and our sales force, and to teach them as much as we can of what we know about the application of pressure sensitive tapes; where the customers may be found or where they are likely to be found, according to application; to make them as good salesmen for our tapes as we think ourselves are". (Technical's Exhibit 42, pp. 53-54)

Albert Drew spelled out in detail what the selective distributor policy of his Industrial Division meant. Simply stated, certain wholesalers were offered (and accepted) disproportionate services if they would deal only in Minnesota's cellophane and unpatented tapes.[3] Those already dealing exclusively with Minnesota were not offered such bait. As Drew said: "It wasn't necessary. They all carried Minnesota exclusively, to my knowledge". (Technical's Exhibit 42, p. 64)

This defense was no surprise to Minnesota. It was factually pleaded in the reply to Minnesota's counterclaim, printed in our petition as footnote 6 at page 17a, and it was proved.

Finally, there is a practical relationship between patent monopoly power and exclusive dealing contracts with a patentee's wholesalers. As stated by the Third Circuit recently in the analogous case of *F. C. Russell Company* vs. *Consumers Insulation Company*, 226 F. 2d 373, at 376 (1955) ". . . it may not be assumed that the contracts and the patent came into juxtaposition inadvertently or accidentally. The parties, their dealers, distributors, and, indeed, their customers,

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[3] *Testimony of Albert S. Drew*

"Q. These suggestions were made to jobbers and distributors in the industrial field to handle Minnesota pressure sensitive tapes? A. That is right.

Q. When did you first make such proposals? A. Along in the middle of the summer of 1953.

Q. The middle of the summer of 1953? A. Yes, sir.

Q. Prior to that time did Minnesota provide technical service and assistance to industrial jobbers and distributors handling Minnesota pressure sensitive tapes? A. In a comparatively limited way". (Technical's Exhibit 42, p. 54)

are not living in a strange, non-commercial world where exclusive agreements are found under Christmas trees".

Our position was, and remains, that Minnesota's conduct violated not only Section 14 of 15 U. S. C. (the Clayton Act) but the mechanism to achieve that violation also ran afoul of Section 13(e) of 15 U. S. C. (the Robinson-Patman Act).

Question 2.

Minnesota contends that Question 2 does not emerge from the record and that the consideration of the U. S. Brandenberger patent and Minnesota's brief in another case was diligence by the Court below. We have shown in our petition that the record does support Question 2. The U. S. Brandenberger patent and Minnesota's self-serving brief, not part of the record in this case, were essential to support the erroneous conclusion that du Pont was seeking cellophane tape as "a proper sealing medium for its cellophane". (Pet., 10a). There was no evidence of this alleged fact in the record in this case.

To the contrary, Minnesota admitted at the oral argument in the Court of Appeals that du Pont was not trying to make cellophane tape. This was in accord with the testimony at the trial of a du Pont chemist to the same effect (PA 87a).

Question 3.

Minnesota contends that it made no concessions that its patented combination was old and disclosed in a prior art patent (Resp. Brief, p. 6). The record shows

the contrary; these are the concessions Minnesota made while successfully preventing a third party (Rado) from getting a German patent on cellophane tape:

> "The French Letters Patent 433,999 [Brandenberger] already precludes per se the subject entirely, because it reveals an insulating band of non-fibrous cellulose skin [cellophane] with a rubber solution. In fact it is a completely analogous utilization, that means an *adhesive tape which—after its application—will not be removed and on the other hand will stick forever to the covered area*; this French insulating band operates exactly as desired by the applicant [Rado] for his suggested tube or hose sealings". (PA 47a).

Minnesota also said (PA 48a):

> "The manufacturing of adhesive tape from non-fibrous cellulose skin with an adhesive rubber-solution spread upon at least *one side* is indeed well known prior to the filing of the patent application [of Rado in 1927]. *The French Letters Patent No. 433,999 published in the year 1912 reveals quite evidently non-fibrous cellulose bases which are covered with a plastic adhesive substance, sticking and adhering without moistening.* The adhesive substance may be formed by a rubber solution. *It is therefore quite obvious that the French Letters Patent reveal a tape of non-fibrous cellulose skin which—at least on one side—is coated by an adhesive rubber solution.*" (italics ours)

Farther, in the German Patent Office, Minnesota made admissions diametrically opposed to the conclusion of the Court of Appeals that the only use of the French Brandenberger patent was "to increase the

insulation feature of cellulose sheets when bonded together by an adhesive substance, which also filled the pores of the sheets" (Pet., 11a). In the German Patent Office, Minnesota, discussing the French Brandenberger patent, admitted:

> "Every handyman knows well that insulating band [tape] does not merely serve electric insulation purposes but can generally be used for sticking and sealing of different kinds". (PA 52a)

These statements are plainly admissions by Minnesota that the subject matter of Drew II was disclosed in the French Brandenberger patent.

Question 4.

Minnesota did not meet the issue set forth in Question 4. It merely stated that its patented combination "meets the test of *A & P* v. *Supermarket*, 340 U. S. 147." (Resp. Brief, p. 6). In its argument it discussed the question of whether or not its patented combination was an "aggregation". (Resp. Brief, p. 11). As stated in *A & P* v. *Supermarket*, *supra*, 151, arguing combination or aggregation "to determine invention results in nothing but confusion."

We reiterate our position that Drew II, even if it were new (which it was not), failed to meet the constitutional standards of invention of *A & P*.

This Court's decision in the *A & P* case, 340 U. S. 147, at 151-152, rejected the ancient belief that patents on combinations of old elements (here cellophane and the adhesive) could be sustained merely because the precise combination was new and useful. It emphasized

that "invention" must also exist. Essential to the validity of such patents is that the lower courts find that the old elements "function" in a new and different way when together than they do separately.

Neither court below made any such finding. The testimony of Richard Drew himself was to the opposite effect. (PA 79a-82a). What the alleged new "result" of Drew II is cannot be discerned in the opinions below, or even from any of Minnesota's arguments.

There was no such new result or functioning of the old parts. Sticky adhesive added to cellophane obviously makes sticky cellophane.

Question 5.

Minnesota avoids Question 5 which relates to the doctrine of equivalents. It seeks to do this by arguing that there was "literal"[3] infringement of the claims in Drew II.

Technical never admitted literal infringement of Drew II; it simply stated some facts as to the compositions of its adhesives. Neither court below made findings of literal infringement. Instead both opinions resorted to the so-called doctrine of equivalents. The Court of Appeals stated: "Even if the equivalent plaintiff used was unknown at the time of Drew's invention,

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[3] When resort is had to the doctrine of equivalents this means that there is no literal infringement, i. e., the literal language of the patent claims does not cover the accused product, but the claims must be stretched by a court to hold the product an infringement.

it was none the less an equivalent and infringed—*Finklestein* vs. *Kress*, 113 F. 2d 431, 433" (Pet., 15a).

So there is no doubt but that the question of *known* equivalency was and is a very real issue here and not "academic" as Minnesota argues (Resp. Brief, p. 13).

Indeed, on December 12, 1957 Minnesota stated in its Petition No. 673, this term, at pg. 20: "The Court of Appeals for the Second Circuit held as recently as August 1, 1957, that an equivalent need not have been known at the date of the patent". It was then referring to the opinion below in this case.

We do not dispute that a *known* equivalent—i. e. known as such when a patent issues—may be held to be an infringement of a patent.

But when *new* equivalents are later discovered and used, an entirely different issue is presented, as is the case here.

The conflict among the circuits on the "vital" question of whether an "equivalent" can be held to be an infringement, if it was unknown when the patent issued has been conceded by Minnesota. In its Petition No. 673, at p. 20, Minnesota urged that this Court resolve the "holdings contrary to each other" among the circuit courts and settle the question of when an equivalent needs to be known—a question it characterized as one which has not been "but should be, authoritatively and definitively settled by this Court". (Pet. No. 673, p. 22).

We join in this request.

Conclusion

For the foregoing reasons and for the reasons set forth in the petition the writ should issue.

Respectfully submitted,

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